

**HEARING BEFORE THE SUBCOMMITTEE ON EUROPE OF THE COMMITTEE ON FOREIGN  
AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED TENTH CONGRESS FIRST SESSION  
MARCH 28, 2007**

**STATEMENT OF MR. LEO RECHTER, PRESIDENT, NATIONAL ASSOCIATION OF JEWISH  
HOLOCAUST SURVIVORS (NAHOS)**

Mr. RECHTER. Thank you very kindly. Mr. Chairman and members of the committee, my name is Leo Rechter. I would like to begin by thanking Chairman Lantos and Chairman Wexler for 31 holding these hearings and inviting Holocaust survivors to speak today. And we thank Congressmen Hastings, Kirk, and Wexler, and the gentlemen, Mr. Gallegly, Sires, and Tanner also for being here today and listening to our stories. We survivors frankly do not understand how authorities, all over the world who are so effective in pursuing all other murderers all over the world and all the plunderers all over the world, can invoke the concept of privacy rights when it comes to protecting the specific murderers of our families and the plunder of their assets. Unfortunately this callous attitude toward survivors has been emulated by various organizations and institutions dealing with Holocaust issues. The opening of the archive is long overdue. What possible justification can there be to prevent us from learning the truth about what happened to our families during the Holocaust, no matter how horrible it might be. Even this historic opportunity to speak to this honorable committee, I feel a tremendous responsibility to present the facts without sugar-coating from the perspective of the Holocaust survivors. And I believe the legacy of murdered loved ones requires nothing less than full exposure of all the facts. I hope to be able to use my time here to inform you of the matters of greatest concern to the community of Holocaust survivors. My written testimony covers it in detail. And I respectfully urge you to review it and the exhibits we filed. I will try to summarize these concerns here in my oral presentation in my time before you. Please permit me to present a summary of my background. As Chairman Wexler has pointed out, I was born in Vienna, Austria. And after the Kristallnacht, our family, parents, younger sister, and I left all of our belongings and assets behind and fled one cold winter night with just our clothes on our back and one inconspicuous suitcase to Belgium. My father had been brutally beaten before we fled. A few years later, after the German invasion of Belgium, my father was deported and eventually perished in Auschwitz, and at the ripe old age of 12, 13, I became responsible for the well-being of my younger siblings and my mother. We went into hiding running from place to place, lodging in basements and attics, and several times we were almost apprehended by the Gestapo. In 1957 I came to the United States, married, worked during the days and attended college at night. I attained a B.A. Summa cum laude and then an MBA in international finance with highest academic distinction. Professionally, I became vice president in charge of an international department of the Manufacturers Hanover Bank, which later became Chemical Bank. I worked there for about—almost 20 years, until my retirement. When I retired from banking, I volunteered as an interviewer for the Shoa Foundation, Steven Spielberg's project to record survivors' personal history. I was shocked and amazed when I met survivors in New York City who were living in poverty, in desperation and hungry, with numerous infirmities and no resources or families to help. That was simply something I didn't know, and many of—most of us who had managed to live normal lives didn't know either. I also became active in the National Association of Jewish Child Holocaust Survivors, NAHOS. NAHOS has currently over 1,200 32 members in 16 U.S. States, with about 500 in the New York metropolitan area. I was elected president in 2001. Our newsletter is mailed to over 1,800 survivors and dignitaries. Hardly a day goes by without me hearing from our members and other survivors. A common theme in the NAHOS newsletter, reflecting the views of the survivors, is the failure of the institutions throughout the world to deal openly, forthrightly, and transparently about the issues affecting survivors. I sit on the advisory committee of one of several social service agencies that assists survivors in New York City. Of the 40 cases that we examined last month, only a few weeks ago, most asked for help with Medicare payments, rent or dentures. One case was a homeless woman sleeping in hallways of synagogues. It is a matter of official record. In the New York City area, there are over 28,000 Nazi victims who live below or near the actual poverty level and an additional 20,000 who are nearly poor. We never have enough money to assist all of the survivors who need help because the large nonsurvivor organization, the Claims Conference, who had received the authority to be the heir and recipients of all heirless properties, only supplies the social service agencies with a limited amount of annual funds. None of the Claims Conference members who are in

office were either elected by survivors nor do they morally represent the Nazi victims in whose names the organization obtained these funds. After Germany's reunification in the early 1990s, the Claims Conference, as a legal heir, obtained East German properties that were not claimed by direct heirs within an outrageously short time limit imposed by the Claims Conference. Shockingly, there never has been a full public accounting of the actual value of assets, including real estate, art, and other properties in the Claims Conference's inventory of assets. It never even published a list of the former Jewish real estate owners until 2003. And that was because of pressure from the British Parliament and that was only for a few months. Current estimates of the Conference's assets base range between \$1.3 billion and \$3 billion. The Claims Conference generates some \$100 million each year from partial liquidations or rental revenues of these properties. No more than \$15 million per year is used to help survivors in the United States. And, further, the group uses some 20 percent of the funds for projects that they label research, documentation, and education. The estimates of unmet needs of the survivors range from \$30 million to \$70 million each year. Many of the grants they are making are made to organizations that sit on the board of directors of the Claims Conference, and survivors question the legitimacy of such an operation. In this Swiss banks case, as my friend David mentioned, the U.S. survivors had challenged unsuccessfully the court's distribution which gave the United States survivors less than 4 percent of the settlement funds attributable to looted assets claims, while granting 75 percent to individuals in the former Soviet Union. Sixteen million dollars per year spent in the former Soviet Union, although no detail of the accounting of that spending has been published. Only \$750,000 goes to help U.S. survivors in the United States.<sup>33</sup> Yet there is an additional \$400 million idling in U.S. banks since 1999, waiting to be distributed according to a formula not under control of the survivors in whose names the settlement was obtained. Meanwhile, tens of thousands of survivors are suffering. This is cruel in our view, and most survivors believe that this money will not be distributed until all of the survivors are gone. The opening of the Bad Arolsen Archives might provide the evidence that survivor claimants desperately need to have a chance in recovering insurance and other assets, but specific legislation to open corporate records of Holocaust profiteers is also necessary. Most of today's remaining survivors were children during the Nazi years, and they were not informed about all of our parents' assets. And our families' records, obviously, have stripped away during the Holocaust. Furthermore, only Congress has the power to compel the so-called institutional organization—that I mentioned before, not controlled by Holocaust survivors or their heirs—to fully and openly disclose all recovered financial and other assets they are currently holding and their intended use thereof. I, thankfully, likely will not need any help personally from the Claims Conference or any other public body. But I know there are too many survivors suffering, even though the resources needed are within our grasp if only a real and honest effort were made to examine the scope of Holocaust thefts and hold those culpable to be accountable in a publicly open process. This is the logic and morality of what you are doing today about Bad Arolsen. We thank you for this effort and respectfully suggest to expand it to encompass this to other areas affecting survivors in their final years. I would like to thank the committee for your kind consideration of this heartfelt cry for assistance by individuals who underwent unimaginable sufferings in their lifetimes. I would be happy to answer questions. [The prepared statement of Rechter follows:]

#### PREPARED STATEMENT OF MR. LEO RECHTER, PRESIDENT, NATIONAL ASSOCIATION OF JEWISH HOLOCAUST SURVIVORS (NAHOS)

Mr. Chairman and members of the Committee, My name is Leo Rechter. I live in Jamaica, Queens, New York. I would like to begin by thanking Chairman Lantos and Chairman Wexler for holding these hearings and inviting Holocaust Survivors to speak today. We welcome your actions here to persuade the nations that have not yet ratified the amended protocols to open the Bad Arolsen ITS archives to do so immediately and to make its contents available for Survivors and our families, also without further delays. This archive was, for reasons we not understand, essentially closed to us for 62 years. We do not understand how and why acts of murder and plunder had been granted the protection of privacy rights. The opening of the archive is long overdue. Of all the public archives in the world, what possible justification can there be to prevent us from learning the truth about what happened to our families during the Holocaust? Given the historic opportunity to speak to this honorable Committee, I feel a tremendous responsibility to present the facts, without sugar coating, from the perspective of the Holocaust Survivors. I am an elected leader of a nationwide grassroots Survivors' organization with

members in sixteen U.S. States and believe to be very cognizant about the sentiments of the Survivors. I believe the legacy of our murdered loved ones requires nothing less than full exposure of the facts. I hope to be able to use my time here today to inform you about several of the matters that are of utmost concern to us, the dwindling community of Holocaust Survivors. Before I delve into these details, please permit me to present a summary of my background. I was born in Vienna, Austria and attended public schooling. After the 34 'Kristallnacht', our family (parents, younger sister and I) left all our belongings and assets behind and fled one cold winter night—with just our clothes on our back and one inconspicuous suitcase—to Belgium. A few years later, after the German invasion of Belgium, my father was deported and eventually perished in Auschwitz. At the age of 12–13, I became responsible for my younger siblings and my mother. We went into hiding, always on the run, lodging in basements and attics and several times were almost apprehended by the Gestapo. In 1957 I came to the United States, married, worked during the days and attended College at night. I attained a B.A. 'Summa Cum Laude' and then an MBA in International Finance with 'Highest Academic Distinction'. I received a letter of commendation from the 'White House' for my scholastic achievements. Professionally, I became Vice President in charge of an International Department of the 'Manufacturers Hanover Bank', which later became 'Chemical' Bank and worked there for about 20 years until my retirement. My wife and I raised three children and we have eight grandchildren. Despite headlines in the media that "Holocaust restitution" programs have been successful, this is simply not the case. The reality is that specific property restitution for individuals has been largely unsuccessful and disappointing. Only a fraction of the funds actually looted was "recovered" in any general sense and only a small portion of funds recovered and deemed "heirless" or for "humanitarian purposes" have trickled down to meet the pressing social service needs of living Holocaust Survivors. There is a growing, but not sufficiently large, recognition about this failed enterprise. And I am not just talking about recent headlines dealing with alleged wrongdoing by certain organizational leaders, though that is a symptom of the problem. How can restitution be deemed successful when tens of thousands of Survivors in the U.S. cannot meet basic home and health care needs, or pay for medicines, dentures, eyeglasses, hearing aids or walkers/ This may shock most leaders and public officials, but it has been documented with increasing frequency in the Jewish and mainstream media. How can restitution have been successful when the International Commission for Holocaust Era Insurance Claims—ICHEIC—resulted in the payment of 3%–4% of the insurance policies sold to Holocaust victims before WWII? How can restitution be called successful when the Swiss banks class action was settled without Survivors knowing that—in the U.S.—they will not be compensated for the assets that were looted from them and laundered through the Swiss banks? Major decisions were made behind closed doors—including the decision to send 75% of the funds to assist individuals in the Former Soviet Union (FSU) and only about 4% to the U.S.? Did the individuals in the FSU ever have Swiss bank accounts? Did they have so many assets that the Germans could have plundered and laundered through the Swiss banks? This state of affairs demands greater openness and transparency, just like the Bad Arolsen archive. Bad Arolsen set an unjustifiable pattern of secrecy and concealment that was eagerly emulated by the organizations charged with the distribution of Holocaust restitutions. Congress must do more to elicit and heed the voices of Holocaust Survivors. Remembering the Holocaust requires more than attending a Holocaust Remembrance Day ceremony every year. We hope that your noble action in pressing for the opening of the Bad Arolsen archive, signifies a commitment to honor the lives of Survivors and the memories of our martyred families with a full and thorough and transparent consideration of all the issues Mr. Schaecter and I raise here today. When I retired from my career in banking, I volunteered as interviewer for the Shoah Foundation, Steven Spielberg's project to record the personal histories of as many Survivors as possible. I was shocked when I met Survivors in New York City who were living in poverty, in desperation, hungry, alone with numerous infirmities and no resources or families to help. This was something simply not known among those of us who had managed to live 'normal' lives. Around that time I also became active in the 'National Association of Jewish Child Holocaust Survivors (NAHOS). NAHOS has currently over 1200 members in sixteen U.S. States with about 500 in the New York Metropolitan area. I was elected president in 2001. Our New York members hold monthly meetings and I am the editor of a monthly newspaper, dealing with information of interest to the Survivor community, i.e.: restitution programs, court cases, settlements, legislations and executive branch actions. This newsletter is mailed to over 1,800 Survivors and dignitaries. As president and editor of NAHOS, hardly a day goes by without me hearing from our members and other Survivors about their problems and anguish. I regret to tell this Committee that there has been—in the last several years—a common theme in the

NAHOS newsletters, the failure of institutions throughout the world to deal 35 openly, forthrightly and transparently about the issues affecting Survivors. To put it simply, the restitution enterprise, about so much has been written, has been a failure from the standpoint of the Survivors. There are three principal reasons for this failure. First, it has been controlled by NON-Survivor organizations, and in every instance processes are engineered to divest Survivors of their individual decision-making ability. Second, these processes have been conducted in secret. Only bits and pieces of isolated information is shared with Survivors. This is as outrageous when it is being done by Jewish groups as it is when being done by the eleven countries that have allowed Bad Arolsen to remain secret all these years. Third, in every case the rights and interests of Survivors have received the lowest priority, being subordinated to the interests of governments, international corporations, and non-Survivor organizations. Let's start with the overarching problem—that tens of thousands of Holocaust Survivors in the United States live in poverty and cannot afford the basic necessities of life—food shelter, medicine, home care, dentures, eyeglasses, hearing aids, etc. . . How is this possible in the year 2007? According to a letter recently sent by the Greater Miami Jewish Federation to members of the United States Congress, there are over 87,000 Holocaust Survivors in the U.S. who are living in poverty as defined by the federal government, or whose income is so low they are considered poor for policy purposes. In the New York City area, home of about half the Survivors in the U.S., there are over 28,000 Nazi victims who are poor according to the guidelines and an additional 20,000 who are nearly poor I sit on the Advisory Committee of a major social service agency that assists Survivors in the New York City area. Almost every month we meet to consider allocations to Holocaust Survivors in need who do not receive enough help from the governmental social service programs for their daily needs. We never have enough money to assist all the Survivors who need help, because the large non-Survivor organization, the 'Claims Conference', who had received the authority to be the recipient of all "heirless" properties only supplies the social service agency with a limited amount of annual funds, although their current reserves are estimated to be in the billions. Of the 40 cases we examined last month, most asked for help with 'Medigap' payments, or rents, or dentures. FYI, the applicants never receive funds themselves; it is paid to the suppliers of services. One case was a homeless woman, sleeping in hallways of Synagogues. The public assistance network in New York, despite the good it does, contains significant gaps. How did this state of affairs come to pass? The Claims Conference's role in the restitution processes is a common thread that cannot be ignored. One of the reasons victims have done so badly in the property & insurance negotiations is that the organizations primarily doing the negotiations (the Claims Conference, the World Jewish Congress, the World Jewish Restitution Organization) are less interested in individual claims being honored than in "global settlements," resulting in funds they can control. Even Stuart Eizenstat recognized this in his book "Imperfect Justice." The Claims Conference is a creation of the early 1950's. It reflects a political decision made by leaders of the Jewish community and the German government, dating back more than half a century ago, in the aftermath of World War II, to have a mechanism to channel German reparations to Holocaust Survivors. For over 40 years, there were no official Survivor organizations on their Board. In the 1990's two "survivor" groups were added to the board, but today only 2 of the 24 voting board members are Survivor organizations. So, the Claims Conference's board members and officers were neither elected by Survivors, nor do they morally represent the Nazi-victims in whose names the organization obtains its funds. This is a major moral problem because while the group handles hundreds of millions of dollars in Holocaust restitution money, Survivors are denied material benefits to which they are entitled and of which they are in desperate need. After German reunification in the early 90s, the Claims Conference, as a legal heir ("successor organization"), obtained East German properties that were not claimed by direct heirs within an outrageously short time limit. The Claims Conference did not publish the names of Jewish owners and the location of these properties so the owners or heirs might easily recognize and recover their families' properties. This unforgivable and self-serving decision hurt thousands of families. The Claims Conference always had the mandate to use the funds it acquired for the direct assistance of Survivors. Yet, there never has been a full, public accounting of the actual value of the assets, including real estate, art, and other properties in the Claims Conference's inventory of assets. Why? This lack of information is not only inconsistent with all notions of necessary transparency of organizations dealing with the public trust, but it renders hollow the Claims Conference's constant plea that it "does not have enough funds" to meet the current needs of Survivors around the world. How can government officials such as yourselves know if this is true un- 36 less it is known how much property the Conference controls. Current estimates of the Conference's asset-base range between \$1,3

and 3 billion dollars. However, those estimates do not include the value of thousands of German properties to which the organization has made claims which are still pending. With tens of thousands of elderly Survivors suffering and unable to take care of basic needs, how can this state of affairs be tolerated? The Claims Conference generates some \$100 million each year from partial liquidations or rental revenues of these properties, and uses some 20% of the funds for projects they labeled “research, documentation, and education.” Survivors and many Jewish leaders are becoming increasingly critical of these “projects,” as Survivors are aging and dying without the dignity of proper care and attention after all they have been through. Many of these “research, documentation, and education” grants are made to organizations that sit on the Claims Conference Board of Directors. Survivors question the legitimacy of these grants. The use of funds for these purposes was only made possible when the Board, controlled by non-Survivors, changed its By-laws in 1994 after German reunification and acquisition of thousands of properties.. Prior to 1994, the charter permitted the pursuit of restitution and reparations and only permitted the group “to apply any moneys, goods and property, and the proceeds thereof, income therefrom and increments thereto, to the relief, rehabilitation, maintenance, care, resettlement and emigration, of victims of Nazi persecution and discrimination.” These changes would have a devastating effect on the quality of life for thousands of Holocaust Survivors. Since these changes were made, more than \$100 million has been used for these non-survivor purposes, despite the urgency of the human suffering among the very Nazi-victims whose families owned the various properties that yielded the restitution money. Is this legal? If so, it shouldn’t be. But to date, no public authority has (to our knowledge) examined their conduct. The Claims Conference and its alter-ego, the World Jewish Congress, were instrumental in the formation of the ‘International Commission on Holocaust Era Insurance Claims (ICHEIC)’ in 1998. The ICHEIC has been a supreme failure from the Survivors’ perspective. It has yielded less than 2% (approximately \$150 million) of the total amount of insurance assets looted from Holocaust victims (estimated by noted economist Sidney Zabłudoff at \$18 billion). At the same time, ICHEIC imposed involuntary charity on the policy holders and their families by earmarking tens of millions of dollars for Russian teenagers’ trips to the Baltic Sea and other questionable programs benefiting individuals who were clearly not Nazi victims. In the Swiss banks case, the U.S. Survivors had challenged unsuccessfully the distribution of funds which gave the U.S. Survivors less than 4% of the settlement funds attributable to ‘Looted Assets’ claims, while granting 75% to individuals in the Former Soviet Union. The U.S. Survivors do not deny that there are needs in the FSU, but believe it is outrageous for a U.S. Judge to become a philanthropist with Survivors’ money from a legal settlement. So far, \$200 million was earmarked that way. As much as an additional \$400 million are idling in U.S. bank accounts for a number of years, awaiting to be distributed according to a formula not under control of Survivors in whose names the settlement was obtained. The failure of Holocaust Survivors to receive a full accounting and recovery of looted insurance assets is representative of the failure of the entire “restitution” enterprise. I respectfully suggest that Congress has a moral obligation to enact legislation to require full disclosure of all Holocaust-era policies and provide Survivors and heirs with specific a specific right of access to U.S. Courts. Despite public statements about examining all claims with “relaxed standards of proof,” ICHEIC and insurance companies have been anything except cooperative. Most of today’s remaining Survivors were children during the Nazi-era and were not informed about all of their parents’ assets. The opening of the Bad Arolsen archives might provide the evidence that Survivor claimants desperately need to have a chance of recovering these and other assets. Furthermore, only Congress has the power to compel the so-called “restitution organizations,”—not controlled by Holocaust Survivors or their heirs—to fully and openly disclose all “recovered” financial and other assets they are currently holding and their intended use thereof. I thankfully will, in all likelihood, never need any help personally from the Claims Conference or any other public body. But I know that too many Survivors are suffering even though the resources needed are within our grasp if only a real and honest effort were made to examine the scope of Holocaust thefts and hold those culpable to be accountable in a publicly open process. This is the logic and morality of what you are doing today about Bad Arolsen. We thank you for this effort and respectfully suggest to expand it to encompass the other areas affecting Survivors in their final years. 37 I wish to thank the Committee for your kind consideration of this heartfelt cry for assistance by individuals who underwent unimaginable sufferings in their lifetimes.